UOBKayHian | Private wealth management

Wealth Daily

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Soft PPI lifts markets despite chip selloff

US equities advanced Wednesday (S&P 500 +0.38%; Nasdaq Composite +0.62%; DJIA +0.29%) as June PPI unexpectedly fell 0.3% MoM, easing rate-hike concerns and pushing the 10-year Treasury yield 4.2 bps lower to 4.547%. **Alphabet (GOOGL +3.17%); Meta (META +3.07%) lifted communication services (XLC +1.73%),** while Energy (XLE -0.79%) & Utilities (XLU -1.03%) lagged. **Buffett said he initiated Berkshire's (BRK/B -0.56%) investment in Alphabet,** not Greg Abel. **Apple (AAPL +4.01%) received approval to launch Apple Intelligence in China** using Alibaba (9988.HK +2.35%; BABA +4.78%) & Baidu (9888.HK +1.42%; BIDU +1.59%) technology and is reportedly exploring AI-chip acquisitions. **Semicon (SOXX -2.23%) declined as MU -9.02%; SNDK -8.12%; SKHY -9.0% sold off** ahead of CXMT's USD 8.55 bn IPO on concerns that additional Chinese memory capacity would increase supply and pressure prices. **ASML (ASML NA -0.41%) beat 2Q26 estimates** and raised FY26 sales guidance to EUR 43–45 bn, but shares reversed early gains as elevated AI expectations left **TSMC (2330.TT +0.83%; TSM -0.22%), reporting 2Q26 results later today, under pressure** to show strong demand, tight advanced-chip and packaging capacity, higher capex and rising margins. **J&J (JNJ -2.69%) raised FY26 guidance** after 2Q26 sales increased 6.6% to USD 25.3 bn, although medtech weakness weighed on shares. **PayPal (PYPL +17.2%) is reviewing options** after Stripe and Advent offered USD 60.50 per share, a 28% premium, while SpaceX (SPCX -0.6%) briefly traded below its IPO price. **META, XLE, RBK/B, 9988.HK, SOXX, TSM, & JNJ are our Core Recommendations; GOOGL, MU, SKHY are our Trading Buys.**

Trader's Corner (Details on Page 6-7)

Ticker	Name	Rec.	Support	Resistance
3690.H	Meituan	-	HKD 76.65 / 70.20	HKD 91.35 / 107.00
0001.H	CK Hutchison	-	HKD 67.75 / 65.95	HKD 80.15 / 86.00

CR = Core Recommendation; TB = Trading Buy

Hong Kong IPO Calendar

No upcoming IPOs.

Overnight Markets

Indices

	Price	1D% Chg	YTD%
Straits Times Index	5,559.72	1.17	19.66
FBM KLCI	1,713.76	-0.36	2.00
DJIA	52,658.64	0.29	9.56
S&P 500	7,572.40	0.38	10.62
NASDAQ Composite	26,269.23	0.62	13.02
Hang Seng Index	24,681.10	1.40	-3.70
CSI 300 Index	4,786.78	-0.20	3.39

Govt Bond Yields

Term	Price	1D% Chg	YTD%
US 2Y	4.136	-6bps	+66.1bps
US 10Y	4.549	-4.2bps	+38bps
EU 2Y	2.747	-0.9bps	+62.5bps
EU 10Y	3.122	+0.8bps	+26.7bps

Precious Metals

	Price	1D% Chg	YTD%
Gold Futures (US$/oz)	4070.100	0.29	-5.88
Silver Futures (US$/oz)	56.9	-3.25	-19.24

Currencies & Crude Oil

	Price	1D% Chg	YTD%
Dollar Index (DXY)	100.493	-0.45	2.25
EUR-USD	1.1463	0.38	-2.41
Brent Futures (US$/bbl)	85.06	-0.09	39.65
WTI Futures (US$/bbl)	80.24	0.51	39.77

Must Watch Events

Jul 16	US Jun Retail Sales, Initial Jobless Claims. Earnings: TSM, NFLX, UNH
Jul 17	Xi Jinping appearance at China's AI Summit, Macau Jun Visitor Arrivals, US Jun Import/Export Prices
Jul 20	China Jul LPR Fixing
Jul 21	Taiwan Jun Export Orders
Jul 22-23	ECB rate decision
Jul 22	AMD Advancing AI San Francisco. Earnings: GOOGL, TSLA, NOW
Jul 23	US Initial Jobless Claims. Earnings: NOK, HON, INTC
Jul 24	S&P Global PMI-Mfg & Svcs Preliminary, Earnings: VZ, LVMH, VOW GR

Americas

- **Iran escalation keeps oil above USD 80.** The US launched further strikes as Trump threatened to intensify attacks until Iran stops targeting Hormuz shipping. The front month WTI & Brent rose 0.3% each to USD 79.6/bbl & USD 84.95/bbl respectively. However, energy (XLE -0.79%) shares lagged Wednesday as investors bought communication services (XLC +1.73%) and Financial (XLF +0.68%) shares. Fed Chair Kevin Warsh said AI-related price increases may prove temporary rather than persistently inflationary. (Bloomberg)

- **Nvidia says Rubin is on track and expands with Toyota.** Nvidia (NVDA +0.33%) denied reports of delays to its Vera Rubin systems and said production had started, while Toyota Motor (7203 JP +1.29%) will deploy Nvidia technology across smart cities, factories and vehicle-software development. (MarketWatch / Bloomberg) **NVDA is our Core Recommendation.**

- **CoreWeave weighs chip-price hedges.** CoreWeave (CRWV -3.53%) is exploring derivatives to protect against a future decline in memory and storage-chip prices, though discussions remain preliminary and no hedges have been executed. Long-term supply deals with Micron (MU -9.02%) and SanDisk (SNDK -8.12%) include price floors, while new capacity from SK Hynix (SKHY -9.0%; 000660 KS +4.17%) and Micron is expected to ramp fully by early 2028. (Reuters) **MU & SKHY are our Trading Buys.**

- **Amazon expands satellites as AWS leadership changes.** Amazon (AMZN +3.02%) said senior AWS executive Dave Brown will leave after 19 years and be replaced by Dave Treadwell on 1 August. Separately, Amazon Leo partnered with Herotel to launch satellite broadband in rural South Africa in 2027 (Reuters) **AMZN is our Core Recommendation.**

- **Microsoft sharpens its enterprise AI pitch.** Microsoft (MSFT +2.78%) is training sales staff to challenge OpenAI and Anthropic by emphasising lower costs, stronger security controls and a more complete platform for deploying and monitoring AI. (Bloomberg) **MSFT is our Core Recommendation.**

- **Drug strength offsets J&J device weakness.** Johnson & Johnson (JNJ -2.69%) beat 2Q estimates and raised its full-year sales and profit outlook as Darzalex and Tremfya drove pharmaceutical growth. Medical-device performance lagged as US demand for Impella heart pumps fell 2% following a UK study that raised concerns over some high-risk procedures. (Reuters) **JNJ is our Core Recommendation.**

- **Lilly nears a psychedelic-drug acquisition.** Eli Lilly (LLY +0.35%) is in talks to acquire AtaiBeckley (ATAI -5.47%), which is developing treatments for resistant depression and social anxiety, with an announcement possible this week. (Bloomberg) **LLY is our Core Recommendation.**

- **Stripe-Advent bid sends PayPal higher.** PayPal (PYPL +17.2%) received a USD 60.50-a-share offer from Stripe and Advent International, valuing the company at more than USD 53 bn and representing a 28% premium to Tuesday’s close. The proposal is backed by about USD 50 bn in financing and would give Stripe and Advent equal stakes, though no deal is certain. (Reuters)

- **Google defends overturned EU fine.** Alphabet (GOOGL +3.17%) urged the EU’s top court to preserve a ruling that annulled a EUR 1.49 bn AdSense antitrust fine, with a non-binding opinion due on 12 November before a final judgment (Reuters) **GOOGL is our Trading Buy.**

- **Anthropic prepares for an October IPO.** The Claude developer plans investor meetings in the coming weeks and is considering a listing as early as October, potentially ahead of OpenAI and DeepSeek. (Bloomberg)
- **Netflix faces an engagement test.** Netflix (NFLX +0.2%) is expected to report 13.6% 2Q revenue growth to USD 12.59 bn, its slowest pace in more than four quarters, as weaker viewer retention and a slower-than-expected advertising ramp compound a decline of more than 20% in the stock this year (Reuters)
- **SpaceX slips near IPO price.** SpaceX (SPCX -0.6%) closed at USD 135.27 after briefly falling below its USD 135 IPO price, well below last month's peak that lifted its valuation above Microsoft (MSFT +2.78%) and Amazon (AMZN +3.02%). Analysts expect its first post-listing results in early August, while an upcoming lock-up expiry could add selling pressure. (Reuters) **MSFT & AMZN are our Core Recommendations.**
- **Palantir warns on Chinese AI and US resistance.** Palantir (PLTR +0.03%) CTO Shyam Sankar alleged that Chinese developers used unauthorised model distillation and said domestic opposition to US data-centre construction poses an additional economic risk. (Bloomberg)
- **Trump pushes faster weapons production.** President Trump urged defence contractors to expand capacity as US stockpiles tighten, supported by a USD 2.5 bn shipbuilding agreement with General Dynamics (GD -1.05%) and new manufacturing investments by Northrop Grumman (NOC -0.65%) and L3Harris (LHX -1.1%) to accelerate weapons production (Reuters)
- **Trading and deals lift Morgan Stanley.** Morgan Stanley (MS +0.39%) beat 2Q profit estimates as equity net revenue jumped 69% and investment-banking revenue rose 58% to USD 2.44 bn, driving record group revenue. Wealth-management assets reached USD 10 tn, while the bank said AI-related capital spending could total USD 10 tn over several years. (Reuters)
- **ETF inflows lift BlackRock earnings.** BlackRock (BLK +6.63%) reported 2Q adjusted EPS of USD 13.91, beating estimates, as net inflows reached USD 192 bn and assets under management rose to a record USD 15.34 tn. Its adjusted operating margin increased to 45.9%, the highest in almost five years. (Reuters)

Greater China

- **Hong Kong outperforms as China rotates.** The CSI300 was down 0.2% Wednesday as weak 2Q GDP growth of 4.3% and profit-taking in chip stocks offset gains in traditional sectors. The HSI rose 1.4%, led by technology. (Reuters)
- **AI upcycle fuels CXMT IPO optimism.** ChangXin Memory Technologies will open subscriptions for its USD 8.6 bn Shanghai IPO on Thursday ahead of a July 27 listing, with investors betting its valuation could rise sharply from RMB 579.18 bn. Demand is being supported by the AI memory upcycle and Beijing's push for semiconductor self-reliance. (Reuters)
- **China clears Apple Intelligence rollout.** Apple (AAPL +4.01%) received regulatory approval to launch Apple Intelligence in China using technology from Alibaba (9988.HK +2.35%; BABA +4.78%) and Baidu (9888.HK +1.42%; BIDU +1.59%), potentially strengthening its position against Huawei in the world's largest smartphone market. (Bloomberg) **9988.HK is our Core Recommendation.**

- **Tencent links Yuanbao to JD shopping.** Tencent (0700.HK +3.9%) integrated Yuanbao with JD.com's (9618.HK +1.67%; JD +1.53%) AI-agent mini-program ecosystem, allowing users to compare products, receive recommendations and access shopping links directly within conversations. The feature creates a seamless path from product enquiries to purchases. (AAStocks) **0700.HK is our Core Recommendation.**

- **DeepSeek seeks fresh capital before IPO.** DeepSeek plans to raise as much as RMB 50 bn at an approximately RMB 500 bn valuation and is considering a Shanghai STAR Market filing this year, weeks after completing a USD 7.4 bn fundraising round (Reuters)

- **AI demand drives another TSMC record.** TSMC (2330.TT +0.83%; TSM -0.22%) is expected to report a 59% YoY rise in 2Q net profit to TWD 632.6 bn, or USD 19.65 bn, marking a fifth consecutive quarter of record earnings. Strong demand for advanced nodes and CoWoS packaging continues to outpace other foundries. (Reuters) **TSM is our Core Recommendation.**

- **Sinopec restructures around four businesses**. Sinopec (0386.HK -1.19%) is reorganising into energy, finance, refining and supply-chain units to improve returns as Chinese fuel demand slows and petrochemical overcapacity weighs on margins; management said the overhaul is not intended to reduce headcount (Reuters)

- **Innolight nears major Hong Kong listing.** Zhongji Innolight (300308.SZ -1.24%) is close to securing Chinese regulatory approval for a Hong Kong share sale that could raise about USD 7 bn, potentially one of the city's largest listings in years. The Nvidia (NVDA +0.33%), Alphabet (GOOGL +3.17%) and Meta (META +3.07%) supplier has gained more than 90% this year, lifting its market value to RMB 1.3 tn. (Bloomberg) **NVDA & META are our Core Recommendations; GOOGL is our Trading Buy.**

- **China growth weakens as tariff risks approach.** China's second-quarter GDP growth slowed to 4.3%, below its 4.5–5.0% full-year target, as fixed-asset investment contracted 5.7% and retail sales rose only 1.0% in June despite export strength. Export front-loading partly reflected expectations that the current 10% US tariff, expiring on 24 July, could be replaced by higher levies, including a proposed 12.5% rate (Reuters)

- **China loan demand remains subdued.** New yuan lending reached RMB 1.61 tn in June, below the RMB 2 tn consensus, while outstanding loan growth slowed to a record-low 5.2% as the property downturn and weak business investment restrained credit demand (Reuters)

Asia ex. China

- **Korea rate hike looms.** The Bank of Korea was expected to raise its policy rate by 25 bps to 2.75% after stronger economic data and an AI-driven semiconductor boom strengthened the case for tighter policy. (Bloomberg)

- **DBS targets SGD 1 tn in wealth assets.** DBS Group (DBS SP +1.32%) aims to increase wealth assets from SGD 632 bn in 2025 to more than SGD 1 tn by 2030 and plans to hire over 600 advisers and engineers by end-2028 (Reuters)

- **Fuel and Air India cap SIA earnings.** Singapore Airlines (SIA SP -0.26%) is expected to post near-breakeven 1QFY27 earnings as high fuel costs and Air India losses offset broadly in-line June operating data. FY27 earnings are raised by 22% on lower Air India loss assumptions but maintained HOLD with a target price of SGD 6.76. (UOB Kay Hian Institutional Research)

EMEA and Others

- **Luxury rebound edges Europe higher.** The Stoxx 600 rose 0.1% and France's CAC 40 gained 0.19% on Wednesday, while Germany's DAX and the UK's FTSE 100 fell 0.59% and 0.13% repsectivelyas luxury strength offset weakness in telecom and technology shares. ASML (ASML NA -0.41%) declined despite raising its 2026 sales outlook, while US-Iran tensions kept sentiment cautious. (Reuters)
- **AI demand lifts ASML outlook.** ASML (ASML NA -0.41%) raised its 2026 revenue forecast to EUR 43-45 bn after 2Q revenue rose to EUR 9.33 bn and net income reached EUR 2.92 bn, both above estimates. The firm plans to expand capacity by 30% in 2027-2028, while Intel (INTC -4.43%) will use its High-NA tools for selected Panther Lake chips. (Reuters)
- **Nokia and Nvidia advance AI-RAN platform.** Nokia (NOK -3.85%) and Nvidia (NVDA +0.33%) are developing a commercial AI-powered radio access network platform designed to help operators carry twice as much data over existing spectrum by 2028. Nokia expects spectrum efficiency gains of about 50% when deployment begins next year, versus roughly 20% currently. (AAStocks) **NVDA is our Core Recommendation; NOK is our Trading Buy.**
- **Novo secures EU approval for Wegovy pill.** Novo Nordisk (NVO +3.04%) won EU approval for the first oral GLP-1 weight-loss treatment, with trials showing average weight loss of about 17%; launches in additional markets are planned for the second half of 2026 (Reuters)
- **Kering appoints new Bottega Veneta chief. Kering** (KER FP +3.64%) appointed LVMH fragrance executive Romain Spitzer as Bottega Veneta CEO from 1 September, filling a position vacant since March (Reuters)
- **Jewellery demand drives Richemont beat.** Richemont (CFR SW +6.68%) reported 20% constant-currency sales growth to EUR 6.33 bn, above forecasts, as jewellery revenue jumped 24% and demand accelerated across Greater China and the Americas (Reuters)

Traders' Corner

Source: TradingView

Meituan (3690.HK)

Last Price:	HKD 83.40
Support:	HKD 76.65 (-8.1%) / HKD 70.20 (-15.8%)
Resistance:	HKD 91.35 (+9.5%) / HKD 107.00 (+28.3%)

Our Technical View

- Price cleanly penetrated its recent swing high with a bullish candle, signalling an aggressive breakout that confirms expanding upward momentum.
- The RSI rises constructively above its 50-neutral midline.
- Backed by this active demand, the technical layout projects sustained upward continuation toward the primary overhead resistance zone.

Traders' Corner (continued)

Source: *TradingView*

CK Hutchison (0001.HK)

Last Price:	HKD 71.65
Support:	HKD 67.75 (-5.4%) / HKD 65.95 (-8.0%)
Resistance:	HKD 80.15 (+11.9%) / HKD 86.00 (+20.0%)

Our Technical View

- Price has executed a clean post-breakout retest and defence, keeping the bullish trend intact.
- The RSI is scaling steadily above the 50 threshold to confirm dominant buy-side control.
- A decisive penetration above the recent swing high will serve as the definitive execution trigger for a sustained extension into the next distribution zone.

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